GSOE9210 Engineering Decisions

Victor Jauregui

v.jauregui@unsw.edu.au
www.cse.unsw.edu.au/~gs9210

Mixed strategies

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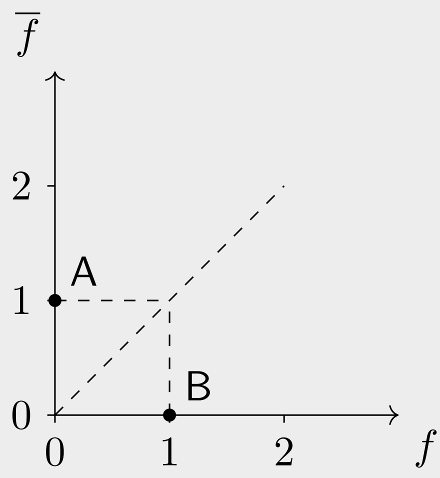
River problem (continued):

- Action C is weakly dominated by B; ignore it
- Value and regret tables:

	f	$\overline{f}$
A	4	0
B	3	1

	f	$\overline{f}$
A	0	1
B	1	0

Regret plot:



- Original values: fuel saved
  Regret: extra fuel used in a state

Mixed strategies

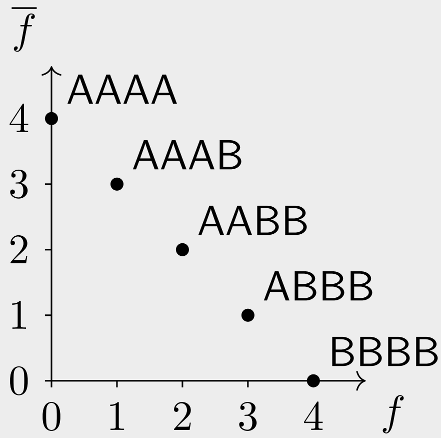
Example (Multi-decision strategies)

Suppose four packages have to be delivered urgently to C today. Each package is transported on a separate motor-boat.

	f	$\overline{f}$
A	0	1
B	1	0

	f	$\overline{f}$
AAAA	0	4
BBBB	4	0

	f	$\overline{f}$
AAAA	0	4
AAAB	1	3
AABB	2	2
ABBB	3	1
BBBB	4	0

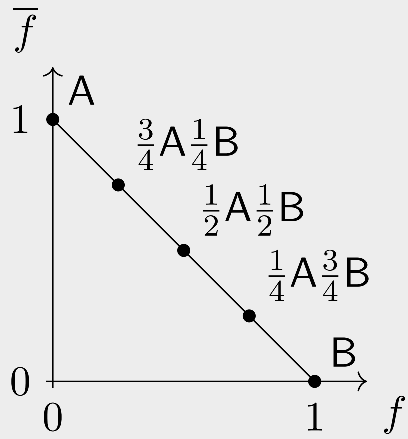


- Strategy AAAB: three trips via A and one via B;
  One extra litre used if f (due to $1 \times$ B) and three if $\overline{f}$ ($3 \times$ A)

Mixed strategies

Average, per trip, over many trips:

	f	$\overline{f}$
A	0	1
$\frac{3}{4}$A$\frac{1}{4}$B	$\frac{1}{4}$	$\frac{3}{4}$
$\frac{1}{2}$A$\frac{1}{2}$B	$\frac{1}{2}$	$\frac{1}{2}$
$\frac{1}{4}$A$\frac{3}{4}$B	$\frac{3}{4}$	$\frac{1}{4}$
B	1	0



Definition (Mixed strategy)

A *mixed strategy* (or *mixture*) is a strategy in which the basic strategies are distributed in proportions. A strategy in which the entire proportion is from one basic strategy is called a *pure strategy*.

Mixed strategies

In general:

- For basic strategies $\mathcal{A} = \{a_1, \ldots, a_k\}$, mixed strategies determined by mixtures $(\mu_{a_1}, \ldots, \mu_{a_k})$ of basic strategies
- Value of mixed strategy $M(\mu_{a_1}, \ldots, \mu_{a_k})$ in state $s \in \mathcal{S}$ is expected value of basic strategies:

$$\begin{aligned} V(M, s) &= \mu_{a_1} v(a_1, s) + \cdots + \mu_{a_k} v(a_k, s) \\ &= \sum_{a \in \mathcal{A}} \mu_a v(a, s). \end{aligned}$$

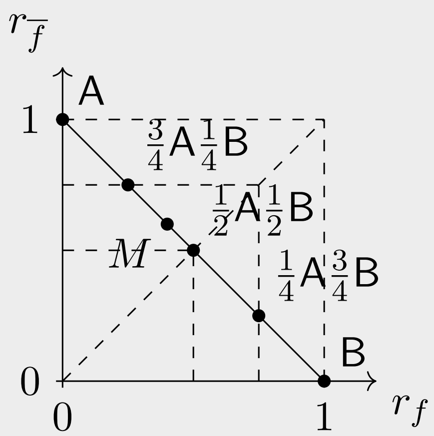
  where

$$\sum_{a \in \mathcal{A}} \mu_a = 1 \quad \text{and} \quad \mu_a \geqslant 0$$

- Think of mixtures as many independent decisions in a single unknown state

Mixed strategies

	f	$\overline{f}$
A	0	1
$\frac{3}{4}$A$\frac{1}{4}$B	$\frac{1}{4}$	$\frac{3}{4}$
$\frac{1}{2}$A$\frac{1}{2}$B	$\frac{1}{2}$	$\frac{1}{2}$
$\frac{1}{4}$A$\frac{3}{4}$B	$\frac{3}{4}$	$\frac{1}{4}$
B	1	0



- Mixtures of A and B lie on line segment AB
- Position of mixture M determined by *mixture parameter* μ_A $(0 \leqslant \mu_\mathsf{A} \leqslant 1)$; *i.e.*, if $M = M(\mu_\mathsf{A})$ then M is μ_A of the way from B to A; *e.g.*, $\frac{3}{4}$A$\frac{1}{4}$B $= M(\frac{3}{4})$

Question: which is the *miniMax Regret* mixed strategy?

Mixed strategies: mixture plots

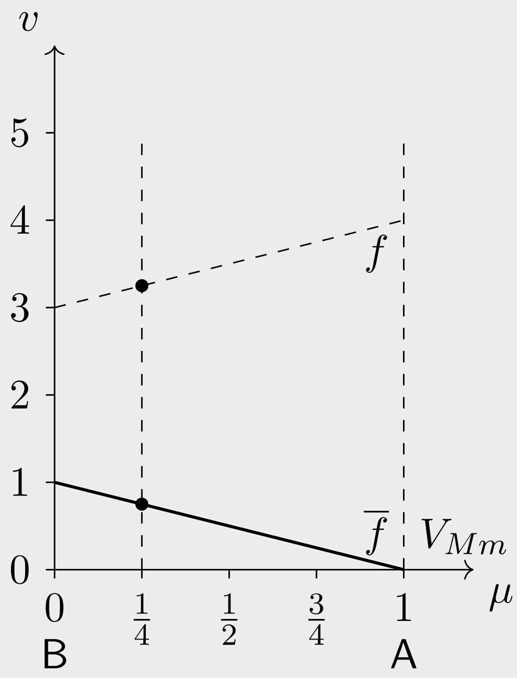
For the river problem with $\mu_{\mathsf{A}} = \mu$:

	f	$\overline{f}$
A	4	0
B	3	1
M	$3\frac{1}{4}$	$\frac{3}{4}$

$$m_1 = 4\mu + 3(1-\mu) = 3 + \mu$$
$$m_2 = 0\mu + 1(1-\mu) = 1 - \mu$$

Exercise

Which is the *Maximin* mixed strategy?

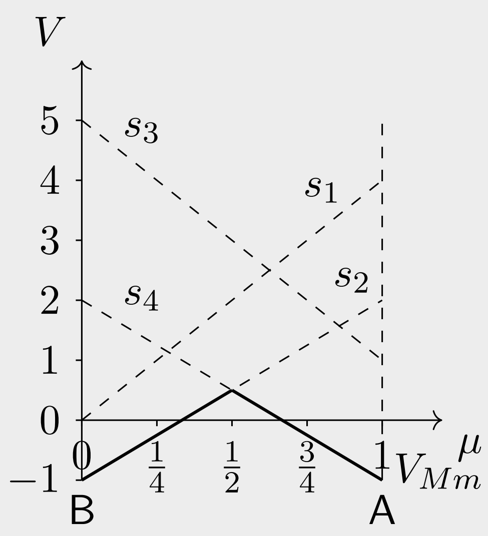


Mixed strategies: many states

Consider a problem with four states, two basic strategies, and mixtures, M, where $\mu_{\mathsf{A}} = \mu$:

	s_1	s_2	s_3	s_4
A	4	2	1	-1
B	0	-1	5	2
$M(\mu)$	4μ	$3\mu - 1$	$5 - 4\mu$	$2 - 3\mu$

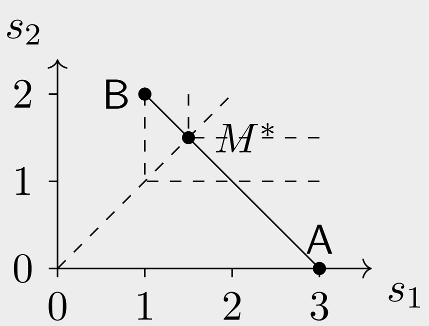
Maximin values for mixed strategies $M(\mu)$ lie on solid line.
Maximin mixed strategy M^* given by $\mu^* = \frac{1}{2}$ which maximises *Maximin* values; *i.e.*, $V_{Mm}(M^*) = \frac{1}{2}$.



Mixed strategies

Mixed strategies: *Maximin*

		s_1	s_2	V_{Mm}
μ	A	3	0	0
$1-\mu$	B	1	2	1
	$M(\mu)$	m_1	m_2	m
	M^*	$\frac{3}{2}$	$\frac{3}{2}$	$\frac{3}{2}$



- Mixtures defined by *mixture parameter* μ $(0 \leqslant \mu \leqslant 1)$: $M(\mu) = (2\mu + 1, 2 - 2\mu)$; *i.e.*, $m_1 = 2\mu + 1$, $m_2 = 2 - 2\mu$
- Point M^* corresponds to mixture $M(\frac{1}{4}) = \frac{1}{4}A\frac{3}{4}$B

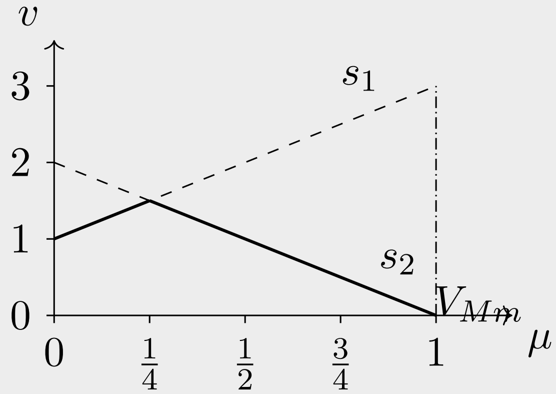
Exercise

Derive a general expression for a mixture $M(\mu)$ of two actions A and B.

Mixed strategies: mixture plot

Consider mixtures M, where $\mu_{\mathsf{A}} = \mu$:

	s_1	s_2
A	3	0
B	1	2
$M(\mu)$	$2\mu + 1$	$2 - 2\mu$



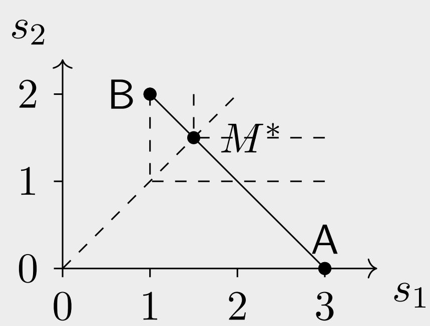
- *Maximin* values (V_{Mm}) for mixed strategies $M(\mu)$ lie on solid line
- *Maximin* mixed strategy M^* maximises *Maximin* value
- *Maximin* value maximised for $\mu^* = \frac{1}{4}$; *i.e.*, $V_{Mm}(M^*) = \frac{3}{2}$

Exercises

Verify algebraically the value of μ^* above.

Mixed strategies: *Maximin*

		s_1	s_2	V_{Mm}
μ	A	3	0	0
$1-\mu$	B	1	2	1
	$M(\mu)$	m_1	m_2	m
	M^*	$\frac{3}{2}$	$\frac{3}{2}$	$\frac{3}{2}$



- Mixtures defined by *mixture parameter* μ ($0 \leqslant \mu \leqslant 1$):
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Exercise

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Mixed strategies: many states

Consider a problem with four states, two basic strategies, and mixtures, M, where $\mu_{\mathsf{A}} = \mu$:

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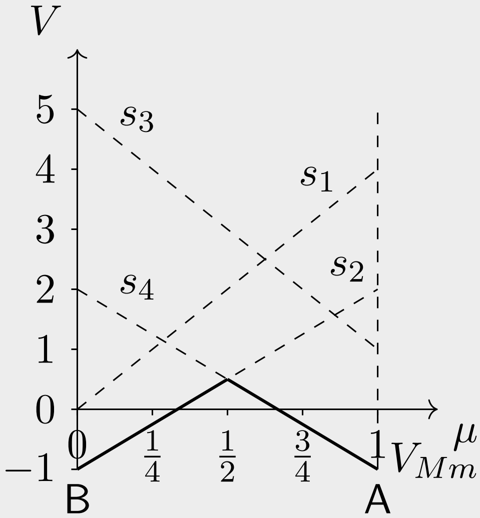
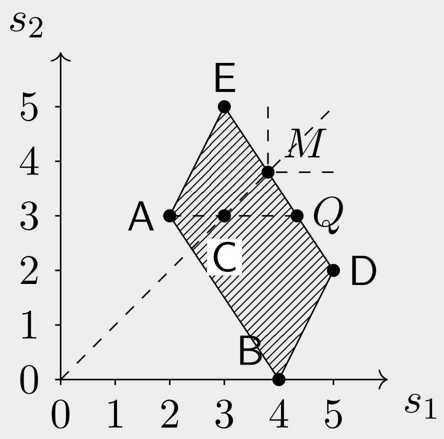


Mixed strategies

Mixed strategies: many basic strategies

	s_1	s_2
A	2	3
B	4	0
C	3	3
D	5	2
E	3	5



- Can mix more than two strategies: *e.g.*, $\text{C} = \mu_{\text{A}}\text{A}\mu_{\text{E}}\text{E}\mu_{\text{D}}\text{D}$
- Mixtures lie inside (or on boundary) of shaded region. Why?

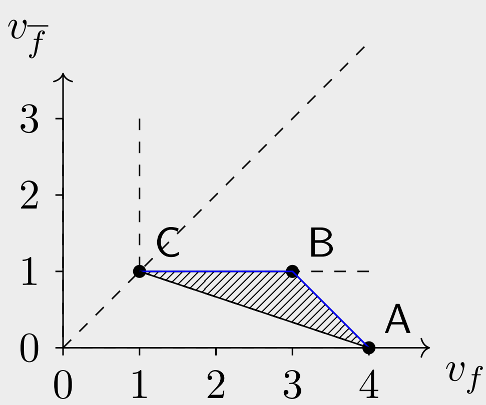
Exercise

Which is the *Maximin* mixed strategy? What is its value?

Mixed strategies

The River decision problem:

	f	$\overline{f}$
A	4	0
B	3	1
C	1	1

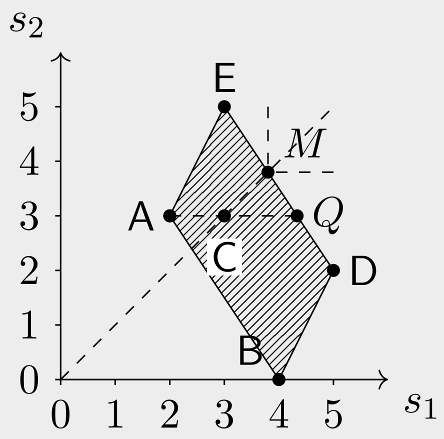


Exercises

- Are AC mixtures ever better than BC mixtures? AB mixtures? Others?
- Which mixtures are admissible (not dominated)?
- Determine the *Maximin* mixed strategy? What is its value?

Mixed strategies: many basic strategies

	s_1	s_2
A	2	3
B	4	0
C	3	3
D	5	2
E	3	5



- Can mix more than two strategies: *e.g.*, $\mathsf{C} = \mu_{\mathsf{A}}\mathsf{A}\mu_{\mathsf{E}}\mathsf{E}\mu_{\mathsf{D}}\mathsf{D}$
- Mixtures lie inside (or on boundary) of shaded region. Why?

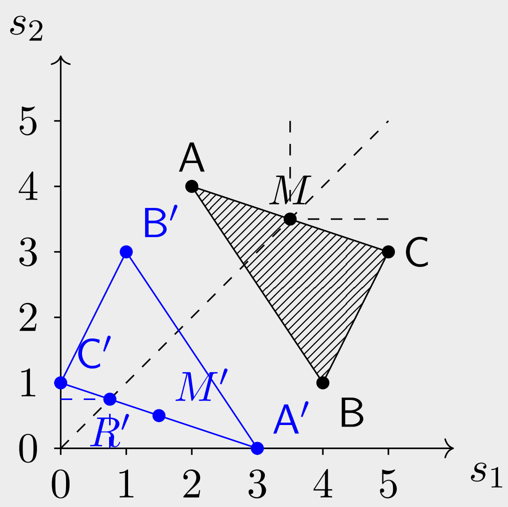
Exercise

Which is the *Maximin* mixed strategy? What is its value?

Mixed strategies: *miniMax Regret*

Consider the regret for the decision problem below:

	s_1	s_2
A	2	4
B	4	1
C	5	3
M	m_1	m_2



Note: *miniMax Regret* mixed action R' doesn't correspond to *Maximin* mixed action M.

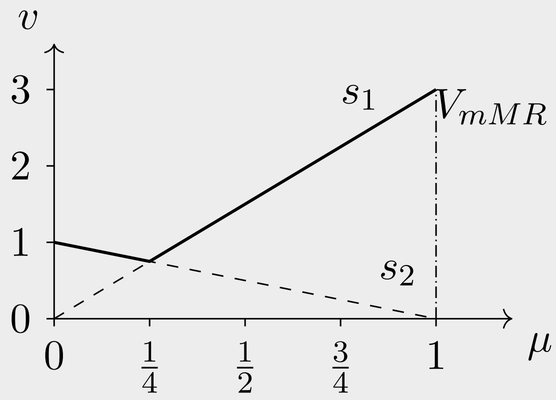
Exercise

Determine the *miniMax Regret* mixed strategy. What is its value?

Mixed strategies: regret mixture plot

Consider mixtures M, where $\mu_A = \mu$:

	s_1	s_2
A	3	0
C	0	1
M	3μ	$1-\mu$



- *miniMax Regret* values for mixed strategies $M(\mu)$ lie on solid line
- *miniMax Regret* mixed strategy M^* is mixture that minimises *miniMax Regret* value
- *miniMax Regret* value maximised for $\mu^* = \frac{1}{4}$; *i.e.*, $V_{mMR}(M^*) = \frac{3}{4}$

Exercises

Verify algebraically the value of μ^* above.

Generalised dominance

Definition (Strict dominance)

Strategy A *strictly dominates* B iff every outcome of A is more preferred than the corresponding outcome of B.

Definition (Weak dominance)

Strategy A *weakly dominates* B iff every outcome of A is no less preferred than the corresponding outcome of B, and some outcome is more preferred.

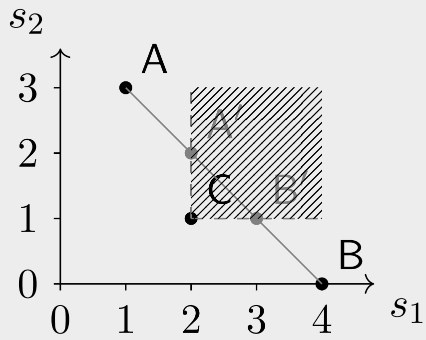
	s_1	s_2	s_3
A	3	4	2
B	4	4	3
C	5	6	3

Exercise

Which strategies in the decision table shown are dominated?

Mixed strategies: dominance

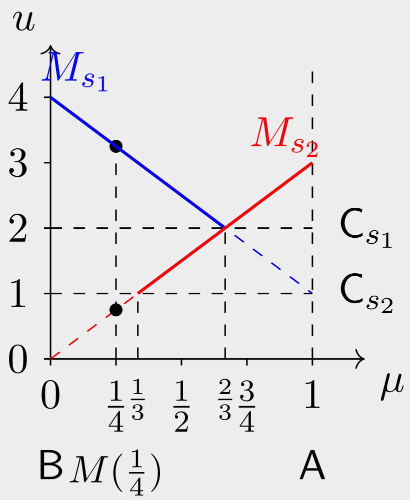
	s_1	s_2
A	1	3
B	4	0
~~C~~	~~2~~	~~1~~



- No pure strategies dominated by other pure strategies
- However, C is dominated by all mixed strategies on $A'B'$
- C isn't admissible among *mixed strategies*

Mixed strategies: dominance

	s_1	s_2
A	1	3
B	4	0
C	2	1
M	$4-3\mu$	3μ



Let $M_{\mathrm{AB}}(\mu) = \mu\mathrm{A} + (1-\mu)\mathrm{B}$; *i.e.*,

$$\begin{aligned} M(\mu) &= (M_{s_1}(\mu), M_{s_2}(\mu)) \\ &= (4-3\mu, 3\mu) \end{aligned}$$

For example,

$$M(\tfrac{1}{4}) = (3\tfrac{1}{4}, \tfrac{3}{4})$$

- Dominance requires: $4-3\mu \geqslant 2$; *i.e.*, $\mu \leqslant \frac{2}{3}$
- Similarly: $3\mu \geqslant 1$; *i.e.*, $\mu \geqslant \frac{1}{3}$.
- C dominated when *both* conditions hold: *i.e.*, when $\frac{1}{3} \leqslant \mu \leqslant \frac{2}{3}$

Summary: mixed strategies

- Mixed strategies as combinations of pure strategies
- Interpreting mixed strategies are multiple decisions for a single situation
- Visualising and plotting mixtures: mixture plots
- Mixtures and dominance